

[REDACTED]

[REDACTED]

[REDACTED]

CERTIFIED MAIL

Dear Sir or Madam

We have considered your application for recognition of exemption under section 501(c)(6) of the Internal Revenue Code.

Information submitted shows that you were organized as a nonprofit organization for the purpose of conducting promotional activities for the mutual interest and development of lessees of [REDACTED] and development of community interests and concerns.

You are a membership organization. There are [REDACTED] merchants in the shopping center, all of whom are members. Membership becomes effective upon the commencement of business operations. Members pay an assessment fee. The fee is determined by assessing [REDACTED] cents per square foot per year to stores of [REDACTED] square feet. Larger stores are assessed proportionately less per square foot.

Your activities consist of advertising on billboards and in newspapers. You conduct promotional campaigns at the shopping center to attract customers such as [REDACTED] and an [REDACTED], etc..

Your income is derived from membership assessments, and to a lesser degree interest income. Your expenditures are for promotion, advertising, and management fees primarily. You also have minimal expenditures for legal and accounting services, utilities, and office expenses.

Section 501(c)(6) of the Code provides for the exemption of business leagues, chambers of commerce, real estate boards, boards of trade, and professional football leagues, which are not organized for profit and no part of the net earnings of which inure to the benefit of any private shareholder or individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations defines a business league as an association of persons having some common business interest the purpose of which is to promote such interest. This section also provides that a business league exempt under 501(c)(6) is "of the same general class as a chamber of commerce or board of trade" and "its

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Surname	[REDACTED]	[REDACTED]	[REDACTED]				
Date	4/26/90	5/3/90	5/18/90				

activities should be directed to improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons."

Revenue Ruling 73-411, 1973-2 C.B. 130 discusses the characteristics of organizations exempt under 501(c)(6), stating that an organization seeking exemption under this section as a chamber of commerce or board of trade must be one whose efforts are directed at promoting the common interests of all of the commercial enterprises in a given trade community comprising a broad segment of the public such as a city or similar geographical or political area. A business league or trade association is similar to a chamber of commerce, but serves the common business interests of those in a single line of business, or of closely related lines of business. In either case membership is voluntary, and open to all businessmen in the community. In the case of a chamber of commerce or board of trade, or to all in the line or lines of business sharing the common business interest in the case of a business league. Benefits are not limited to the membership.

Revenue Ruling 73-411, supra, considered the qualification for exemption under section 501(c)(6) of a shopping center merchants association. The association's membership was restricted to and required of the merchants who were tenants of a particular shopping center, and the shopping center owner. Its activities included the maintenance and policing of shopping areas, walkways and parking areas, and arranging, conducting and publicizing seasonal and other promotional affairs designed to stimulate the overall volume of trade in the center. It was held that, since membership was both compulsory and restricted, and since the organization was composed of owners of various types of business (not a line of business) and yet was a closed, amorphous aggregation of commercial enterprises not representative of the community, the organization did not qualify as a board of trade, chamber of commerce, or a business league. It was further held the organization served only the economic interests of its members, rather than the common business interests of a community or an industry. The organization was thus not qualified for exemption.

An association of the merchants in a particular shopping center who advertising material contained the names of the individual merchants, as denied exemption (Rev. Rul. 64-115, 1964-1 C.B. 147) it was an association created to attract tourists to a local area, but whose principal activity was publication of a yearbook consisting largely of paid advertisements by its members (Rev. Rul. 65-14, 1965-1 C.B. 236).

Your membership is restricted to the owners of the various types of businesses who are tenants of a particular shopping mall. You promote the shopping mall by advertising on billboards and in newspapers. Further, you conduct promotional campaigns that are designed to attract more customers to the shopping mall area. Your activities do not serve to improve business conditions in a line of business neither is it representative of a trade area of the type served by a chamber of commerce.

[REDACTED]

Your activities are directed solely to promoting the business and economic interest of your membership, not an industry.

We therefore hold that you lack the essential characteristics of a chamber of commerce, board of trade, and/or business league. Accordingly, you do not meet the test of the statute and do not qualify for exemption under section 501(c)(6) of the Code.

Until you have established an exempt status, you are not relieved of the requirements for filing federal income tax returns.

If you do not accept our findings, we recommend that you request a conference with a member of our Regional Office of Appeals. Your request for a conference should include a written appeal giving the facts, law and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a conference. The conference may be held at the Regional Office or, if you request, at any mutually convenient District Office. If we do not hear from you within 30 days of the date of this letter, this determination will become final.

Sincerely yours,

[REDACTED]

[REDACTED]

District Director

Enclosure: Publication 892